

TOWN OF SURFSIDE, FLORIDA

BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

TOWN OF SURFSIDE, FLORIDA

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INTRODUCTORY SECTION

TOWN OF SURFSIDE, FLORIDA

LISTING OF ELECTED AND APPOINTED OFFICIALS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

TOWN COMMISSION

Charles W. Burkett, Mayor

Howard S. Weinberg, Esq., Vice Mayor

Marc Imberman, Commissioner

Steven Levine, Esq., Commissioner

Mark Blumstein, Esq., Commissioner

APPOINTED OFFICIALS

W.D. Higginbotham, Jr., Town Manager

Beatris Arguelles, Town Clerk

Lynn M. Dannheisser, Weiss Serota, et al, Town Attorney

TOWN AUDITORS

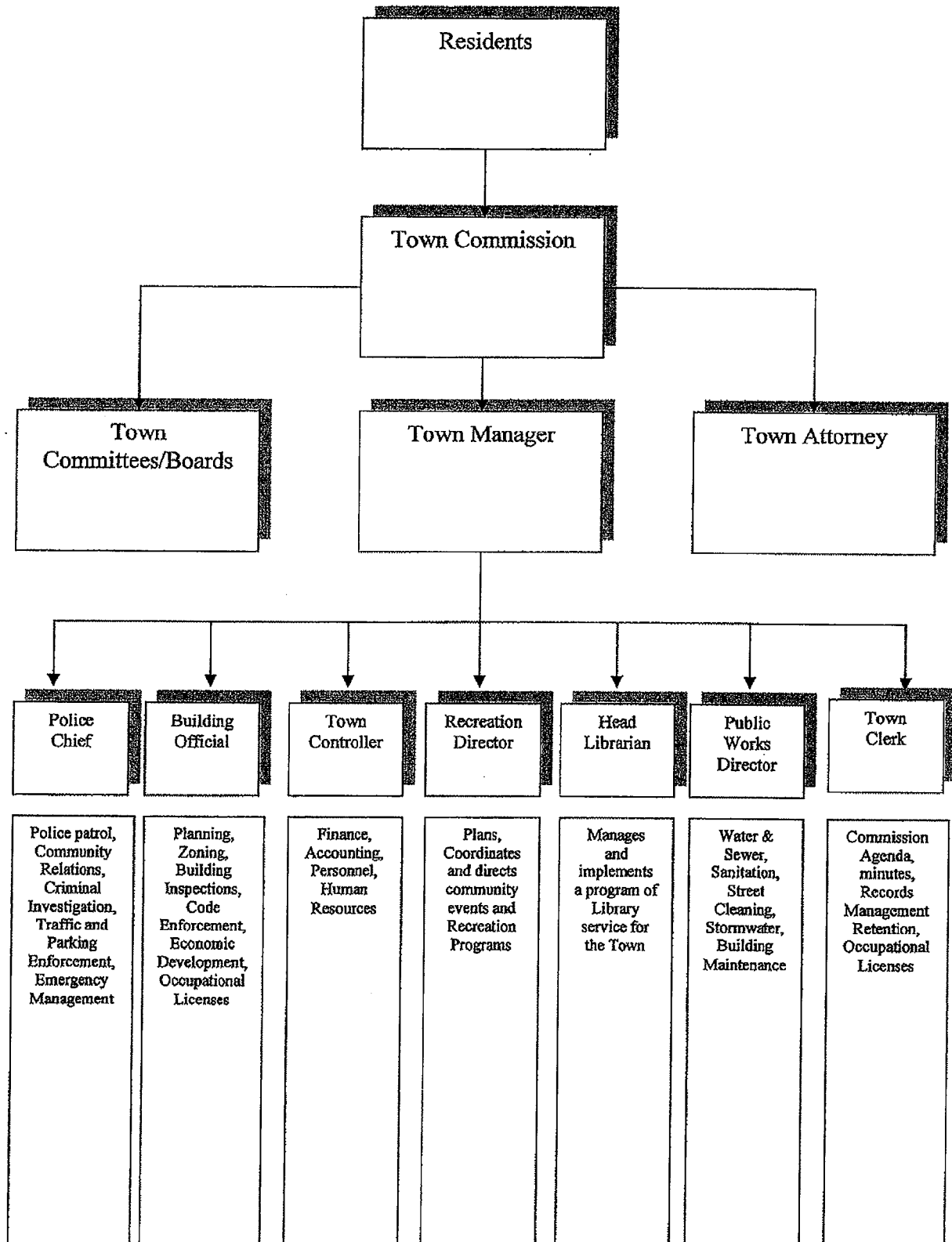
Rachlin LLP

Accountants • Advisors

TOWN OF SURFSIDE, FLORIDA

ORGANIZATION CHART

FISCAL YEAR ENDED SEPTEMBER 30, 2007



FINANCIAL SECTION

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Surfside, Florida (the Town) as of and for the fiscal year ended September 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund) which represents approximately 89% and 75% respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by an other independent auditor whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund), is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion and the opinion of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.



Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2008 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information on pages 3 to 14 and pages 43 to 47, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information identified in the table of contents as the introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion thereon.

Rachlin LLP

Miami, Florida
November 21, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

TOWN OF SURFSIDE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2007

As management of the Town of Surfside (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to financial statements which follow.

Financial Highlights

The following are the highlights of financial activity for the fiscal year ended September 30, 2007:

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$23,871,169 (net assets). Of this amount \$13,984,559 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1,911,249.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,768,671, an increase of \$1,877,097 in comparison with the prior year. Approximately, eighty-eight percent (88%) of the total governmental fund balance, \$9,528,232, is unreserved, undesignated, unrestricted and available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$7,223,228, or 84% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Surfside's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, building inspections and code enforcement, public works (including highways and streets), economic development, and culture and recreation. The business-type activities of the Town include the water and sewer, municipal parking, sanitation, and stormwater utility operations.

The government-wide financial statements can be found on pages 15 – 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Surfside, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special projects and the police forfeiture funds, which are considered to be major funds. Data from the other four governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund as well as its other governmental funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 – 19 of this report.

Proprietary funds. The Town maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses four enterprise funds to account for the water and sewer, municipal parking, sanitation, and the stormwater utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, municipal parking, and sanitation operations, which are considered major funds of the Town, and the stormwater utility operation, which is considered as a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. Fiduciary financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26-42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Surfside's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information for the retirement plan can be found on pages 46 and 47 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 48 – 53 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Surfside, assets exceeded liabilities by \$23,871,169 at the close of the most recent fiscal year.

The Town of Surfside's net assets reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and infrastructure), which totals \$8,754,330 or 36% of the net assets. As of September 30, 2007, there was no related debt associated with any of these capital assets. The Town of Surfside uses these capital assets to provide services to the citizens; consequently, they are not available for future spending.

Summary of Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current assets	\$11,843,185	\$10,979,983	\$4,802,102	\$4,522,783	\$16,645,287	\$15,502,766
Capital assets, net	8,014,197	8,204,180	740,133	921,947	8,754,330	9,126,127
Total assets	<u>19,857,382</u>	<u>19,184,163</u>	<u>5,542,235</u>	<u>5,444,730</u>	<u>25,399,617</u>	<u>24,628,893</u>
Long-term liabilities	273,915	301,449	77,865	51,478	351,780	352,927
Other liabilities	835,412	2,008,235	341,256	307,811	1,176,668	2,316,046
Total liabilities	<u>1,109,327</u>	<u>2,309,684</u>	<u>419,121</u>	<u>359,289</u>	<u>1,528,448</u>	<u>2,668,973</u>
Net assets:						
Invested in capital assets	8,014,197	8,204,180	740,133	921,947	8,754,330	9,126,127
Restricted	788,412	822,422	343,868	343,868	1,132,280	1,166,290
Unrestricted	<u>9,945,446</u>	<u>7,847,877</u>	<u>4,039,113</u>	<u>3,819,626</u>	<u>13,984,559</u>	<u>11,667,503</u>
Total net assets	<u>\$18,748,055</u>	<u>\$16,874,479</u>	<u>\$5,123,114</u>	<u>\$5,085,441</u>	<u>\$23,871,169</u>	<u>\$21,959,920</u>

An additional portion of the Town of Surfside's net assets \$1,132,280 (5%) includes resources subject to external restrictions. The remaining balance of unrestricted net assets, \$13,984,559 (59%) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Overall the government's net assets increased \$1,911,249 during the current fiscal year. Although, capital assets decreased \$371,797 primarily due to depreciation, net assets primarily increased due to the increase in cash which was caused by excess revenues over expenditures including the increase in property tax revenues of \$1,530,977. The increase is also related to projects that were budgeted for expenditure in fiscal year 2007 that had not been completed as of September 30, 2007.

Governmental activities. Governmental activities increased the Town of Surfside's net assets by \$1,873,576 thereby accounting for ninety eight percent (98%) of the total growth in the net assets of the Town of Surfside. Key elements of this increase are as follows:

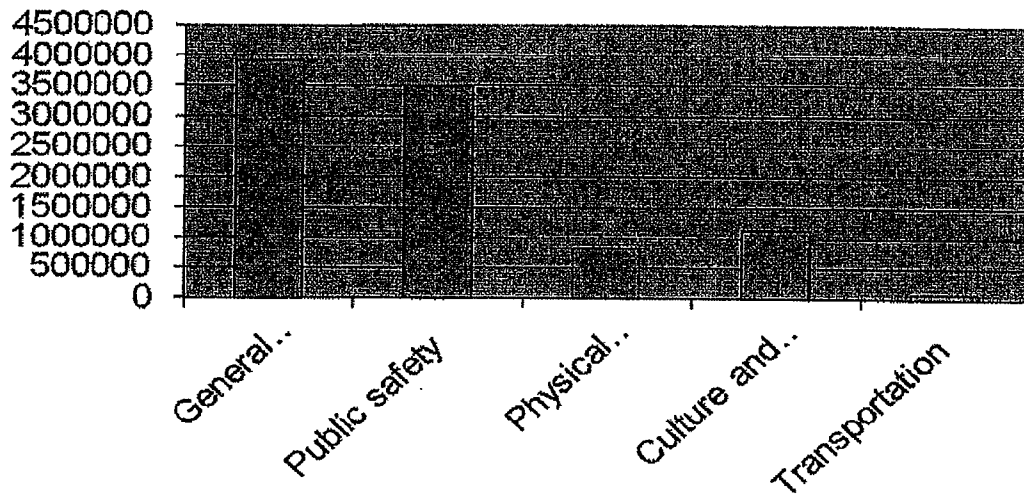
Summary of Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 708,838	\$ 800,462	\$ 2,713,878	\$ 2,724,980	\$ 3,422,716	\$ 3,525,442
Operating grants and contributions	316,547	350,165	-	333,674	316,547	683,839
Capital grants and contributions	-	-	761	-	761	-
General revenues:						
Property taxes	7,377,056	5,846,079	-	-	7,377,056	5,846,079
Other taxes	2,246,458	2,406,915	-	-	2,246,458	2,406,915
Interest earnings	639,616	563,494	201,052	151,372	840,668	714,866
Miscellaneous	57,941	544,216	-	1,522	57,941	545,738
Total revenues	<u>11,346,456</u>	<u>10,511,331</u>	<u>2,915,691</u>	<u>3,211,548</u>	<u>14,262,147</u>	<u>13,722,879</u>
Expenses:						
General government	3,586,294	4,016,141	-	-	3,586,294	4,016,141
Public safety	3,599,072	3,029,368	-	-	3,599,072	3,029,368
Physical environment	959,705	1,161,599	-	-	959,705	1,161,599
Culture and recreation	1,238,174	1,460,284	-	-	1,238,174	1,460,284
Tourism development	89,635	146,885	-	-	89,635	146,885
Transportation	-	53,941	-	-	-	53,941
Water and sewer	-	-	1,428,258	1,360,734	1,428,258	1,360,734
Municipal parking	-	-	176,715	107,555	176,715	107,555
Sanitation	-	-	1,172,075	1,412,283	1,172,075	1,412,283
Stormwater utility	-	-	100,970	82,940	100,970	82,940
Total expenses	<u>9,472,880</u>	<u>9,868,218</u>	<u>2,878,018</u>	<u>2,963,512</u>	<u>12,350,898</u>	<u>12,831,730</u>
Changes in net assets before transfers	1,873,576	643,113	37,673	248,036	1,911,249	891,149
Transfers	-	(284,134)	-	284,134	-	-
Changes in net assets after transfers	1,873,576	358,979	37,673	532,170	1,911,249	891,149
Net assets, beginning	<u>16,874,479</u>	<u>16,515,500</u>	<u>5,085,441</u>	<u>4,553,271</u>	<u>21,959,920</u>	<u>21,068,771</u>
Net assets, ending	<u>\$18,748,055</u>	<u>\$16,874,479</u>	<u>\$5,123,114</u>	<u>\$5,085,441</u>	<u>\$23,871,169</u>	<u>\$21,959,920</u>

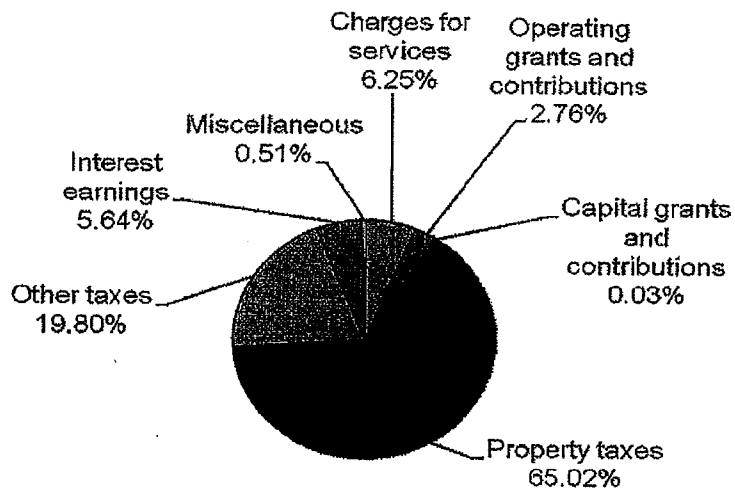
- Taxes, \$9,623,514 comprised 85% of the total revenues, \$11,346,456 during the fiscal year. Most of this category is property taxes of \$7,377,056 which increased 26% due to increases in the assessed value of existing property.
- Operating and capital grants and contributions accounted for \$316,547 (2.8%) of total revenues.

For the most part, the net decrease in expenses represented the reduction in settlements of prior years' litigation as well as the reduction in expenditures related to projects that were budgeted for expenditure in fiscal year 2007 that had not been completed as of September 30, 2007 offset by increases in expenses that closely paralleled inflation and growth in demand for services, particularly in the area of public safety.

Expenses Governmental Activities



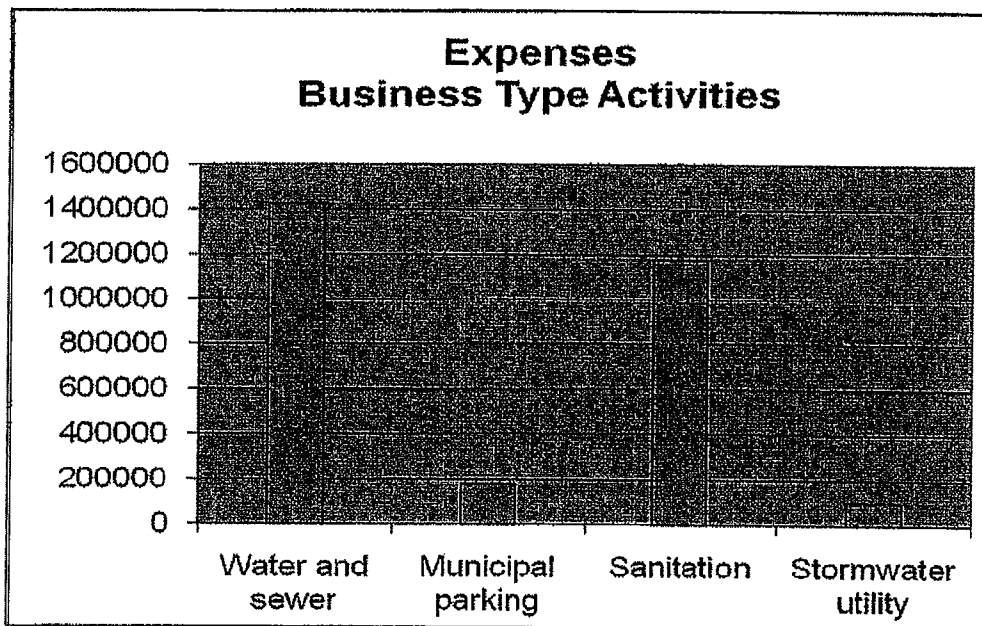
Revenues by Source-Governmental Activities

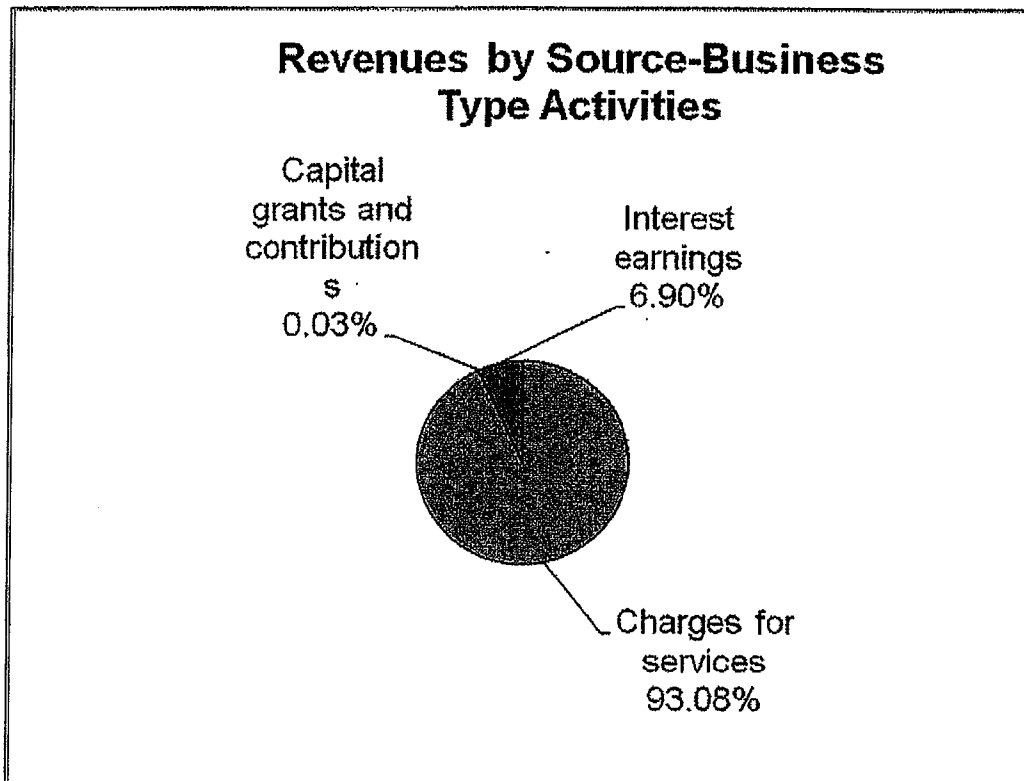


Business-type Activities

Business-type activities increased the net assets of the Town of Surfside by \$37,673 accounting for almost one percent (1%) of the total growth in the government's net assets. Key elements of this increase are as follows.

- The Sanitation fund accounted for \$374,047 of the decrease in net assets. Operating grants and contributions decreased by \$333,674, a 100% decrease, and the resulting Sanitation Funds debris removal expenses decreased \$341,992 primarily due to the fact that Hurricane Wilma reimbursements were completed last fiscal year.
- The Water and Sewer operations accounted for \$180,539 of the increase in the net assets. The charges for services of the water and sewer operations decreased by \$8,416. The operating expenses increased by \$67,524. Despite the impact on the net assets from this increase in operating expenses the net assets of those operations increased by the above-referenced amount.
- The Municipal Parking fund accounted for \$204,304 of the increase in net assets. The revenues of the municipal parking increased by \$6,529 or 2% while the operating expenses increased by \$69,160 or 64%, primarily due to depreciation. The increase in revenues is mainly the result of increased enforcement offset by more favorable parking privileges for the Town's residents.
- The Stormwater utility fund accounted for \$26,877 of the increase in net assets. The revenues of this fund remained level while the operating expenses increased by \$18,030 primarily due to increased administrative expenses and depreciation.
- Interest earnings for the business-type activities totaled \$201,052 for the current year representing an increase of \$49,680 or thirty two percent (32%) over the prior year. This increase is mainly the result of a more favorable market for interest rates during the current year.





Financial Analysis of the Governmental Funds

As mentioned previously, the Town of Surfside uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,768,671, a decrease of \$164,899 in comparison with the prior year. Approximately, eighty-eight percent (88%) of the total governmental fund balance, \$9,528,232, is unreserved, undesignated, unrestricted and available for spending at the government's discretion. The remainder of the fund balance \$1,240,439 or twelve percent (12%) is designated or restricted in nature for subsequent years', which require approval by the Town Commission.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$7,223,228. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance of the general fund represents eighty four percent of the total general fund expenditures.

The fund balance of the Town's general fund increased by \$1,991,452 during the current fiscal year. Key factors in this activity in the fund balance are as follows:

- The property taxes increased by \$1,530,977 or twenty-six percent over the prior year mainly because of increased assessed valuations of the property within the Town.
- Interest earnings increased by \$42,826 or ten percent (10%) over the prior year. The increased interest rates during the current fiscal year were instrumental in this resulting increase.

The total expenditures of the general fund decreased by \$1,995,656 or twenty-three percent over the prior year. Key factors in this decrease are as follows:

- Expenditures of the general government decreased by \$892,885 or 28% over the prior year primarily as a result of a reduction in settlements of prior years' litigation.
- Expenditures of public safety increased by \$609,526 or 21% over the prior year primarily as a result of an increase in personnel services.
- Expenditures for capital outlay decreased \$1,664,588 or 94% over the prior year primarily due to the fact that projects budgeted for expenditure in fiscal year 2007 had not been completed as of September 30, 2007.

Proprietary Funds

The Town of Surfside's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year totaled \$1,694,932. The unrestricted net assets of the Municipal Parking Fund at the end of the year amounted to \$2,119,749. The unrestricted net assets of the Sanitation Fund and Stormwater Utility Fund totaled \$(78,010) and \$302,442, respectively. The total growth (decline) in net assets in the proprietary funds is as follows: Water and Sewer Fund \$180,539; Municipal Parking Fund \$204,304; Sanitation Fund \$(374,047) and Stormwater Utility Fund \$128,001. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Surfside's business-type activities.

General Fund Budgetary Highlights

During the year there was an increase in appropriations between the original and final amended budget. Following are the main components of this increase:

- An appropriation of \$250,000 for the anticipated increases in legal fees relating to the settlement of prior years' litigation.
- An appropriation of \$173,000 for anticipated increases in executive department expenses primarily the Gazette.
- An appropriation of \$222,000 for negotiated, contractual increases and additional overtime within the police department
- An appropriation of \$120,000 for increased recreational departmental services and programs.

These increases were possible through the usage of the prior years' fund balance.

Capital Assets

The Town of Surfside's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$8,754,330 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, furniture and equipment, and infrastructure. The investment does not include governmental infrastructure assets acquired prior to fiscal year ended September 30, 2004, as GASB 34 does not require Phase III governments to report infrastructure retroactively. The total decrease in the Town's investment in net capital assets for the current fiscal year was four percent (a two percent reduction for governmental activities and a two percent reduction for business-type activities).

Major capital asset events during the current fiscal year in the governmental activities included:

- Vehicle acquisitions in the police department totaled \$110,104. Equipment acquisitions in this department including remote mount radio scanners totaled \$109,650.
- Vehicle acquisition in the public works department totaled \$57,217.
- Acquisitions in general government consist mainly of computers totaling \$13,570.
- Culture and recreation department acquisitions consisting of primarily library books totaled \$30,298.

Capital Assets (Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Capital assets:						
Land	\$ 1,461,229	\$ 1,461,229	\$ -	\$ -	\$ 1,461,229	\$ 1,461,229
Construction in progress	265,494	208,531	-	-	265,494	208,531
Buildings	2,913,694	3,155,259	-	-	2,913,694	3,155,259
Improvements other than buildings	193,618	205,331	592,160	718,313	785,778	923,644
Furniture and equipment	1,399,000	1,298,992	147,973	203,634	1,546,973	1,502,626
Infrastructure	1,781,162	1,874,838	-	-	1,781,162	1,874,838
Total assets	<u>\$ 8,014,197</u>	<u>\$ 8,204,180</u>	<u>\$ 740,133</u>	<u>\$ 921,947</u>	<u>\$ 8,754,330</u>	<u>\$ 9,126,127</u>

Additionally, substantial amounts of old and fully depreciated assets were disposed of during the year and were written off as of year end.

There were no major capital asset events of the business-type activities.

Additional information on the Town of Surfside's capital assets can be found in Note 6 on pages 36 -- 37 of this report.

Long-Term Liabilities

The Town of Surfside's long-term liabilities consist only of compensated absences payable to the Town's employees for earned but unused vacation and sick benefits, which are limited to certain

maximums. The balances as of September 30, 2007, are as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Payable Within <u>One Year</u>
Governmental activities	<u>\$388,994</u>	<u>\$74,655</u>	<u>\$159,299</u>	<u>\$304,350</u>	<u>\$ 30,435</u>
Business-type activities	<u>\$ 69,637</u>	<u>\$27,413</u>	<u>\$ 10,532</u>	<u>\$ 86,518</u>	<u>\$ 8,653</u>

Additional information of the Town of Surfside's long-term debt (compensated absences) can be found in Note 7 on page 37 of this report.

Economic Factors and Next Year's Budgets and Rates

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (towns and cities, counties, school boards) primarily rely on property and an array of permitted other taxes (utility taxes, franchise fees and occupational taxes) as well as intergovernmental revenues for their governmental activities. For business-type activities and certain governmental activities (construction services and recreational programs), the user pays a related fee or charge associated with the service.

The adopted operating budget for fiscal year 2007/08 totals \$14.1 million, 4% lower than the final operating budget for fiscal year 2006/07.

In a special legislative session during June 2007, the Florida Legislature passed and the Governor signed into law property tax reform bills that have a significant impact on local government's tax revenues now and in the future. By statute, for fiscal year 2007/08 the Town was required to adopt the rollback and then reduce that amount by 9%. For fiscal year 2008/09, the maximum millage rate will be the roll back rate plus a growth amount based on the per capita Florida personal income.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislative at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000) except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed values for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (business, rental property, second homes, etc.) to ten percent (10%) except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 becomes effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective January 1, 2009.

The Town's current millage rate of 5.60 was reduced slightly from 5.603 that was in effect for the prior fifteen years. Because of the increasing valuations of Town property, the Town Commission further reduced the millage rate to 4.25 for the year ending September 30, 2008.

The economic condition for the Town during the past year was good, and the outlook for the future is positive. The occupancy rate for the commercial district is nearly at capacity with no significant decline anticipated in the foreseeable future.

For business-type and certain governmental activities (construction services and recreational programs), the user pays a related fee or charge associated with the services.

Water and sewer rates; sanitation fees; and stormwater fees have remained stable.

During the fiscal year ending September 30, 2008, the Town will be considering the following programs/projects.

- The Town is proceeding with plans for the design and construction project known as the new Community Center, which includes the community center, aquatics facility, and library.
- Improving the parking facilities in the downtown area.
- Planning for and the construction of a beach walking path.
- The tourist bureau will continue to present art festivals, conduct activities on the beach, and other community activities for the Town's residents.
- Studies regarding the installation of new storm water pump stations in conjunction with the Florida Department of Transportation (FDOT).
- Evaluations of and applications for additional grants and additional funding from the State for various Town projects.

All of the above factors were considered in preparing the Town of Surfside's budget for the fiscal year ending September 30, 2008.

Requests for Information

This financial report is designed to provide a general overview of the Town of Surfside's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, Town of Surfside, 9293 Harding Avenue, Surfside, Florida 33154.

BASIC FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	Governmental <u>Activities</u>	Business- type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 10,799,333	\$3,789,787	\$14,589,120
Receivables	708,517	382,449	1,090,966
Prepaid items	108,159	30,206	138,365
Restricted assets:			
Cash and investments	-	599,660	599,660
Net pension asset	227,176	-	227,176
Capital assets, not being depreciated	1,726,723	-	1,726,723
Capital assets, being depreciated, net	6,287,474	740,133	7,027,607
Total assets	<u>19,857,382</u>	<u>5,542,235</u>	<u>25,399,617</u>
<u>LIABILITIES</u>			
Accounts payable	424,881	133,297	558,178
Accrued liabilities	289,366	59,496	348,862
Customer deposits	66,500	118,021	184,521
Unearned revenue	24,230	21,789	46,019
Noncurrent liabilities:			
Due within one year	30,435	8,653	39,088
Due in more than one year	273,915	77,865	351,780
Total liabilities	<u>1,109,327</u>	<u>419,121</u>	<u>1,528,448</u>
<u>NET ASSETS</u>			
Invested in capital assets	8,014,197	740,133	8,754,330
Restricted for:			
Law enforcement	387,638	-	387,638
Transportation	400,774	-	400,774
Renewal and replacement	-	343,868	343,868
Unrestricted	9,945,446	4,039,113	13,984,559
Total net assets	<u>\$ 18,748,055</u>	<u>\$ 5,123,114</u>	<u>\$ 23,871,169</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2007

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Business-type Activities</u>
Governmental activities:					
General government	\$ 3,586,294	\$ 340,597	\$ -	\$ -	\$ (3,245,697)
Public safety	3,599,072	205,692	-	-	(3,393,380)
Physical environment	959,705	-	-	-	(959,705)
Culture and recreation	1,238,174	162,549	3,000	-	(1,072,625)
Transportation	89,635	-	313,547	-	223,912
Total governmental activities	9,472,880	708,838	316,547	-	(8,447,495)
Business-type activities:					
Water and sewer	1,428,258	1,512,757	-	761	85,260
Municipal parking	176,715	288,959	-	-	112,244
Sanitation	1,172,075	798,028	-	-	(374,047)
Stormwater utility	100,970	114,134	-	-	13,164
Total business-type activities	2,878,018	2,713,878	-	761	(163,379)
Total	\$12,350,898	\$3,422,716	\$ 316,547	\$ 761	(8,610,874)
General revenues:					
Taxes:					
Property taxes				7,377,056	-
Resort taxes				477,563	-
Franchise fees based on gross receipts				453,901	-
Utility taxes				457,905	-
Communications services tax				272,870	-
Unrestricted intergovernmental revenues				584,219	-
Unrestricted investment earnings				639,616	201,052
Miscellaneous revenues				57,941	-
Total general revenues				10,321,071	201,052
Change in net assets				1,873,576	37,673
Net assets, beginning				16,874,479	5,085,441
Net assets, ending				\$ 18,748,055	\$5,123,114
					\$23,871,169

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2007

	<u>General</u>	<u>Police Forfeiture</u>	<u>Special Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 6,844,430	\$ 577,803	\$ 2,536,870	\$ 840,230	\$ 10,799,333
Receivables	666,156	-	-	-	666,156
Due from other funds	443,468	-	-	-	443,468
Prepaid items	104,240	-	-	3,919	108,159
Total assets	<u>\$ 8,058,294</u>	<u>\$ 577,803</u>	<u>\$ 2,536,870</u>	<u>\$ 844,149</u>	<u>\$ 12,017,116</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 356,618	\$ -	\$ -	\$ 68,263	\$ 424,881
Accrued liabilities	283,478	-	-	5,888	289,366
Due to other funds	-	190,165	153,670	99,633	443,468
Unearned revenues	24,230	-	-	-	24,230
Customer deposits	66,500	-	-	-	66,500
Total liabilities	<u>730,826</u>	<u>190,165</u>	<u>153,670</u>	<u>173,784</u>	<u>1,248,445</u>
Fund balances:					
Reserved for prepaid items	104,240	-	-	3,919	108,159
Unreserved, undesignated reported in:					
General fund	7,223,228	-	-	-	7,223,228
Special revenue funds	-	387,638	-	635,788	1,023,426
Capital projects funds	-	-	2,383,200	30,658	2,413,858
Total fund balances	<u>7,327,468</u>	<u>387,638</u>	<u>2,383,200</u>	<u>670,365</u>	<u>10,768,671</u>
Total liabilities and fund balances	<u>\$ 8,058,294</u>	<u>\$ 577,803</u>	<u>\$ 2,536,870</u>	<u>\$ 844,149</u>	

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,014,197
Long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds	42,361
A negative (NPO) net pension obligation is not considered to represent a financial asset and therefore is not reported in the governmental funds.	227,176
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(304,350)
Net assets of governmental activities	<u>\$ 18,748,055</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>General</u>	<u>Police Forfeiture</u>	<u>Special Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$7,377,056	\$ -	\$ -	\$ -	\$ 7,377,056
Resort taxes	325,519	-	-	152,044	477,563
Utility taxes	457,905	-	-	-	457,905
Communications services tax	272,870	-	-	-	272,870
Franchise fees	453,901	-	-	-	453,901
Licenses and permits	340,597	-	-	-	340,597
Intergovernmental	684,315	-	-	174,090	858,405
Charges for services	162,549	-	-	-	162,549
Fines and forfeitures	199,517	6,175	-	-	205,692
Interest earnings	455,580	30,600	134,162	19,274	639,616
Miscellaneous	46,300	-	-	11,641	57,941
Total revenues	<u>10,776,109</u>	<u>36,775</u>	<u>134,162</u>	<u>357,049</u>	<u>11,304,095</u>
Expenditures:					
Current:					
General government	3,106,771	-	-	442,958	3,549,729
Public safety	3,462,000	39,367	-	-	3,501,367
Physical Environment	805,915	-	27,716	-	833,631
Culture and recreation	1,144,262	-	-	-	1,144,262
Transportation	-	-	-	76,722	76,722
Capital outlay	103,971	129,964	-	87,352	321,287
Total expenditures	<u>8,622,919</u>	<u>169,331</u>	<u>27,716</u>	<u>607,032</u>	<u>9,426,998</u>
Excess (deficiency) of revenues over expenditures	<u>2,153,190</u>	<u>(132,556)</u>	<u>106,446</u>	<u>(249,983)</u>	<u>1,877,097</u>
Other financing sources (uses):					
Transfers in	-	-	-	161,738	161,738
Transfers out	<u>(161,738)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,738)</u>
Total other financing sources (uses)	<u>(161,738)</u>	<u>-</u>	<u>-</u>	<u>161,738</u>	<u>-</u>
Net change in fund balances	1,991,452	(132,556)	106,446	(88,245)	1,877,097
Fund balances, beginning	<u>5,336,016</u>	<u>520,194</u>	<u>2,276,754</u>	<u>758,610</u>	<u>8,891,574</u>
Fund balances, ending	<u>\$7,327,468</u>	<u>\$ 387,638</u>	<u>\$2,383,200</u>	<u>\$ 670,365</u>	<u>\$ 10,768,671</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2007

Amounts reported for governmental activities in the statement of activities
(Page 16) are different because:

Net change in fund balances - total governmental funds (Page 18)	\$ 1,877,097
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 321,287	
Depreciation	<u>(454,742)</u>	
Net adjustment		(133,455)

The net effect of various transactions involving capital assets	5,148
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Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported when earned.

The detail of the difference is as follows:

Transit surtax proceeds	42,361
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The detail of the difference is as follows:

Compensated absences	84,644
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Governmental funds report pension contributions as expenditures. However, contributions in excess of annual pension cost is reported as a net pension asset in the statement of net assets

<u>(2,219)</u>

Change in net assets of governmental activities (Page 16)	<u>\$ 1,873,576</u>
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See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Water and Sewer</u>	<u>Municipal Parking</u>	<u>Sanitation</u>	<u>Nonmajor Stormwater Utility</u>	<u>Totals</u>
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$1,369,427	\$2,125,414	\$ 4,015	\$ 290,931	\$3,789,787
Accounts receivables, net	336,805	-	24,282	21,362	382,449
Prepaid items	5,917	1,392	22,897	-	30,206
Total current assets	<u>1,712,149</u>	<u>2,126,806</u>	<u>51,194</u>	<u>312,293</u>	<u>4,202,442</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	599,660	-	-	-	599,660
Total restricted assets	<u>599,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,660</u>
Capital assets:					
System and other improvements	1,273,252	729,279	-	265,728	2,268,259
Equipment	126,923	101,359	343,512	-	571,794
	1,400,175	830,638	343,512	265,728	2,840,053
Less accumulated depreciation	<u>(1,172,680)</u>	<u>(688,000)</u>	<u>(219,310)</u>	<u>(19,930)</u>	<u>(2,099,920)</u>
Total capital assets, net	<u>227,495</u>	<u>142,638</u>	<u>124,202</u>	<u>245,798</u>	<u>740,133</u>
Total noncurrent assets	<u>827,155</u>	<u>142,638</u>	<u>124,202</u>	<u>245,798</u>	<u>1,339,793</u>
Total assets	<u>2,539,304</u>	<u>2,269,444</u>	<u>175,396</u>	<u>558,091</u>	<u>5,542,235</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	70,742	3,403	50,564	8,588	133,297
Accrued liabilities	42,235	2,566	13,645	1,050	59,496
Compensated absences	2,908	109	5,615	21	8,653
Unearned revenue	12,933	-	8,856	-	21,789
Payable from restricted assets:					
Customer deposits	118,021	-	-	-	118,021
Total current liabilities	<u>246,839</u>	<u>6,078</u>	<u>78,680</u>	<u>9,659</u>	<u>341,256</u>
Noncurrent liabilities:					
Compensated absences	26,170	979	50,524	192	77,865
Total noncurrent liabilities	<u>26,170</u>	<u>979</u>	<u>50,524</u>	<u>192</u>	<u>77,865</u>
Total liabilities	<u>273,009</u>	<u>7,057</u>	<u>129,204</u>	<u>9,851</u>	<u>419,121</u>
<u>NET ASSETS</u>					
Invested in capital assets	227,495	142,638	124,202	245,798	740,133
Restricted for renewal and replacement	343,868	-	-	-	343,868
Unrestricted	<u>1,694,932</u>	<u>2,119,749</u>	<u>(78,010)</u>	<u>302,442</u>	<u>4,039,113</u>
Total net assets	<u>\$2,266,295</u>	<u>\$2,262,387</u>	<u>\$ 46,192</u>	<u>\$ 548,240</u>	<u>\$5,123,114</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Water and Sewer</u>	<u>Municipal Parking</u>	<u>Sanitation</u>	<u>Nonmajor Stormwater Utility</u>	<u>Totals</u>
Operating revenues:					
Charges for services:					
Water sales	\$ 659,672	\$ -	\$ -	\$ -	\$ 659,672
Sewer charges	851,085	-	-	-	851,085
Parking fees	-	288,959	-	-	288,959
Garbage charges	-	-	698,584	-	698,584
Recycling fees	-	-	77,637	-	77,637
Drainage fees	-	-	-	114,134	114,134
Miscellaneous	2,000	-	21,807	-	23,807
Total operating revenues	<u>1,512,757</u>	<u>288,959</u>	<u>798,028</u>	<u>114,134</u>	<u>2,713,878</u>
Operating expenses:					
Personal services	251,119	63,608	588,234	33,870	936,831
Administrative	34,377	37,679	137,560	53,814	263,430
Water system	587,629	-	-	-	587,629
Sewer system	496,105	-	-	-	496,105
Solid waste system	-	-	412,208	-	412,208
Depreciation	59,028	75,428	34,073	13,286	181,815
Total operating expenses	<u>1,428,258</u>	<u>176,715</u>	<u>1,172,075</u>	<u>100,970</u>	<u>2,878,018</u>
Operating income (loss)	<u>84,499</u>	<u>112,244</u>	<u>(374,047)</u>	<u>13,164</u>	<u>(164,140)</u>
Nonoperating revenues:					
Interest earnings	95,279	92,060	-	13,713	201,052
Total nonoperating revenues	<u>95,279</u>	<u>92,060</u>	<u>-</u>	<u>13,713</u>	<u>201,052</u>
Income (loss) before contributions	<u>179,778</u>	<u>204,304</u>	<u>(374,047)</u>	<u>26,877</u>	<u>36,912</u>
Capital contributions:					
System development fees	761	-	-	-	761
Change in net assets	180,539	204,304	(374,047)	26,877	37,673
Net assets, beginning	<u>2,085,756</u>	<u>2,058,083</u>	<u>420,239</u>	<u>521,363</u>	<u>5,085,441</u>
Net assets, ending	<u>\$2,266,295</u>	<u>\$2,262,387</u>	<u>\$ 46,192</u>	<u>\$ 548,240</u>	<u>\$5,123,114</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Water and Sewer</u>	<u>Municipal Parking</u>	<u>Sanitation</u>	<u>Nonmajor Stormwater Utility</u>	<u>Totals</u>
Cash flows from operating activities:					
Receipts from customers	\$1,493,564	\$ 288,959	\$1,132,669	\$ 114,222	\$ 3,029,414
Payments to suppliers	(1,091,692)	(36,475)	(527,127)	(54,465)	(1,709,759)
Payments to employees	(248,403)	(68,243)	(607,801)	(33,490)	(957,937)
Net cash provided (used) by operating activities	<u>153,469</u>	<u>184,241</u>	<u>(2,259)</u>	<u>26,267</u>	<u>361,718</u>
Cash flows from capital and related financing activities:					
Capital contributions	<u>761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>761</u>
Net cash provides by capital and related financing activities	<u>761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>761</u>
Cash flows from investing activities:					
Interest received	<u>95,279</u>	<u>92,060</u>	<u>-</u>	<u>13,713</u>	<u>201,052</u>
Net cash provided by investing activities	<u>95,279</u>	<u>92,060</u>	<u>-</u>	<u>13,713</u>	<u>201,052</u>
Net increase (decrease) in cash and cash equivalents	249,509	276,301	(2,259)	39,980	563,531
Cash and cash equivalents, beginning	<u>1,719,578</u>	<u>1,849,113</u>	<u>6,274</u>	<u>250,951</u>	<u>3,825,916</u>
Cash and cash equivalents, ending	<u>\$1,969,087</u>	<u>\$2,125,414</u>	<u>\$ 4,015</u>	<u>\$ 290,931</u>	<u>\$ 4,389,447</u>
Cash and cash equivalents per statement of net assets:					
Unrestricted	\$1,369,427	\$2,125,414	\$ 4,015	\$ 290,931	\$ 3,789,787
Restricted	<u>599,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,660</u>
	<u>\$1,969,087</u>	<u>\$2,125,414</u>	<u>\$ 4,015</u>	<u>\$ 290,931</u>	<u>\$ 4,389,447</u>

(Continued)

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>				<u>Totals</u>
	<u>Water and Sewer</u>	<u>Municipal Parking</u>	<u>Sanitation</u>	<u>Nonmajor Stormwater Utility</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 84,499	\$ 112,244	\$ (374,047)	\$ 13,164	\$ (164,140)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	59,028	75,428	34,073	13,286	181,815
Change in operating assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(20,446)	-	3,895	88	(16,463)
Due from other governments	-	-	330,881	-	330,881
Prepaid items	(5,917)	(1,392)	(22,897)	-	(30,206)
Increase (decrease) in:					
Accounts payable	28,000	2,596	45,538	(651)	75,483
Accrued liabilities	(2,547)	(4,300)	(31,519)	380	(37,986)
Deferred revenue	1,253	-	(135)	-	1,118
Compensated absences	5,263	(335)	11,952	-	16,880
Customer deposits	4,336	-	-	-	4,336
Total adjustments	68,970	71,997	371,788	13,103	525,858
Net cash provided (used) by operating activities	\$ 153,469	\$ 184,241	\$ (2,259)	\$ 26,267	\$ 361,718

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND
SEPTEMBER 30, 2007

ASSETS

Cash and cash equivalents	\$ 594,206
Receivables:	
Plan members' contributions	19,784
Interest	<u>38,056</u>
Total receivables	<u>57,840</u>
 Prepaid insurance	 1,230
Investments, at fair value:	
U.S. Government securities	289,240
U.S. Government agency bonds	570,840
Mortgage backed securities	1,022,906
Corporate bonds	671,387
Common stocks	<u>8,307,834</u>
Total investments	<u>10,862,207</u>
Total assets	<u>11,515,483</u>

LIABILITIES AND NET ASSETS

Accounts payable	22,401
Refunds payable	<u>8,479</u>
Total liabilities	<u>30,880</u>
 Net assets held in trust for pension benefits	 <u>\$11,484,603</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

ADDITIONS

Contributions:

Employer's contributions	\$ 264,370
Plan members' contributions	<u>257,583</u>
Total contributions	<u>521,953</u>

Investment earnings:

Interest	136,452
Dividends	205,055
Net increase in fair value of investments	<u>1,157,457</u>
	1,498,964
Less investment expenses	<u>64,599</u>
Net investment earnings	<u>1,434,365</u>
Total additions	<u>1,956,318</u>

DEDUCTIONS

Benefits	482,119
Refunds	286,050
Administrative expenses	<u>39,112</u>
Total deductions	<u>807,281</u>

Net increase	1,149,037
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Net assets in trust for pension benefits:

Net assets, beginning	<u>10,335,566</u>
Net assets, ending	<u>\$11,484,603</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Surfside was incorporated on May 19, 1935. The Town of Surfside's Charter was adopted under the provisions of Chapter 27914, Laws of Florida, 1951. The Town is governed by an elected five-member Board of Commissioners and operates under a commissioner-manager form of government. The Town provides services to its approximately 5,600 residents in many areas including general government, public safety (police), physical environment, solid waste collection, transportation (maintenance of roads and streets), culture and recreation, tourism development, water and sewer utilities, and general administrative services.

The summary of the Town of Surfside, Florida's (the Town) Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Town of Surfside, Florida (the Town) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below:

A. Financial Reporting Entity

In accordance with accounting principles generally accepted in the United States, these financial statements present the Town and its organizations for which the Town is considered financially accountable. Financial accountability includes 1) the appointment of a voting majority of the organization's governing body, 2) the ability of the primary government to impose its will on the organization, or 3) if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity. Based on the application of these criteria, there were no organizations that met the criteria described above.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The Town does not employ an indirect cost allocation system.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required by accrual accounting, except for debt service expenditures and expenditures related to compensated absences, which are recorded when payment is due.

Property taxes and other taxes (such as franchise taxes, utilities taxes, and sales tax), charges for services, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The reporting practices of the Proprietary Fund Types closely parallel comparable commercial financial reporting, which recognize revenue when earned and expenses when incurred (the accrual basis) including, in the case of the Enterprise Fund, depreciation on its exhaustible fixed assets. Earned, but unbilled service receivables have been accrued as revenue in the Enterprise Funds.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The *Police Forfeiture Fund* is a special revenue fund which accounts for the proceeds of police forfeitures and confiscations, and expenditures, which are restricted to approved functions and activities.

The *Special Projects Fund* is a capital projects fund which accounts for the special projects of the Town, mainly capital, which have received the approval of the Town Commission.

The Town reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for water and sewer utility operations, which are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *Municipal Parking Fund* accounts for all parking revenues and expenses.

The *sanitation fund* is used to account for the activities of the Town residential and commercial refuse, recycling and waste collection system.

The nonmajor proprietary fund of the Town is as follows:

The *storm water utility fund* is used to account for the stormwater utility fees, which are collected to construct, operate, and maintain a stormwater management system.

Additionally, the government reports the following fund types:

The *Pension Trust Fund* is used to account for the Town's single-employer defined benefit pension plan covering substantially all of its employees.

The private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and sewer function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than *program revenues*. The general revenues include all taxes.

Proprietary Funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

The Town utilizes a pooled cash account for cash and investments of all Town funds other than those which are required to be physically segregated. The pooled cash account concept allows each participating fund to benefit from the economies of scale and improved yield which are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds. The pooled cash system utilizes a single checking account for Town receipts and disbursements with a separate checking account for payroll disbursements.

The Town's cash and cash equivalents are considered to be cash and short-term investments with original maturities of three months or less from the date of acquisition. The Town's cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and investments with the Local Government Surplus Fund administered by the State Board of Administration.

The Town's investment policy follows the requirements of Florida Statutes Chapter 218.415, and attempts to promote, in order of priority, safety of principal, adequate liquidity, and maximization of total return. Investments in the Town of Surfside's local government surplus funds are governed by the provisions of Florida Statutes Section 218.415. Investments in the Town's retirement plan are governed by the Plan's investment policy. All investments of the Town, except the State Board Investment Pool, are recorded at fair value based on quoted market prices. Investments in the State Board Investment Pool are stated at the fair value of its position in the pool, which is the same as the value of its pool shares. Income is recorded in the respective funds as it is earned.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

4. Restricted Assets

Certain resources set aside for the repayment of certain obligations are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited. Additionally, the Town reports amounts paid by customers for water and sewer deposits as restricted assets.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sidewalks and other similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, except for the Library Fund, which records the purchases of all books as assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The Town has not retroactively reported infrastructure assets acquired prior to the implementation of GASB Statement No. 34 and is not required due to classification as a phase 3 government.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. Capital Assets (Continued)

Capital assets of the Town are depreciated using the straight-line method over the estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-50
Improvements other than buildings	10-30
Machinery and equipment	5-10
Infrastructure	15-30

6. Compensated Absences

The Town's policy is to permit employees to accumulate earned but unused sick as well as vacation pay benefits, limited to certain maximums. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences of governmental funds are typically liquidated from the general fund.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net assets.

8. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, where noted, represent tentative management plans that are subject to change.

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from management's estimates.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

Investments – Town

The Town's Investment Policy authorizes Town officials to invest in those instruments authorized by the Florida Statutes and the Town's Investment Policy, including the certificates of deposit and money market funds (placed with "qualified public depositories") ; U.S. Treasury and Government Agency securities; corporate bonds; commercial paper; mutual funds; repurchase agreements; and the Local Government Surplus Trust Fund administered by the Florida State Board of Administration, Local Government Surplus Funds Trust Fund (LGSF). The State Board of Administration is part of the Florida Local Government Surplus Funds Trust Fund and is governed by Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Florida Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Florida Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund. The SBA has reported that the Local Government Surplus Funds Trust Fund is a "2a-7 like" pool and, therefore, these investments are valued using the pooled share price.

The LGSF is not required to make many of the disclosures required by GASB 40 since it is a 2a-7 pool, which is similar to money market funds where shares are owned in the fund rather than in the actual underlying investments. As of September 30, 2007, the Town's investment in the state investment pool is not rated by any rating organizations and there is no interest rate risk since the funds are considered liquid at September 30, 2007. There is no exposure to foreign currency risk, because this external pool is buying and selling shares in United States dollars. Additionally, this pool did not hold any investments in currency other than United States dollars during the entire fiscal year. See Note 10 for a subsequent event relating to the state investment pool.

Investments – Pension Trust Fund

The investment activity of the Plan is directed by an investment advisory firm. The Investment Manager is empowered to invest in cash or cash equivalents, to which quality and minimum risk guidelines apply. The Investment Manager may also invest in U.S. Government

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments – Pension Trust Fund (Continued)

obligations; certificates of deposit with major money center banks; commercial paper rated A-1 or P-1 by Standard and Poor's or Moody's respectively; U.S. Government and Government agency securities; and bonds or other evidence of indebtedness issued by a corporation listed on one or more of the recognized national stock exchanges or National Market System of the NASDAQ with an investment quality rating within the top three rating classifications by either Standard and Poor's or Moody's; and equity securities listed on one of the Nation's major stock exchanges with an investment quality ranking within the top three quality classifications by a major rating service. The aggregate investment in any issuing company shall not exceed five percent of the outstanding capital stock, nor shall it exceed ten percent of the fund equity assets. According to the Investment Policy the allowable investment in equities is sixty-five percent (65%) of total assets at market value.

As of September 30, 2007, the investment in equities totaled 66.6% of the total assets excluding the mutual funds, which are not under management. The Investment Manager was advised to rebalance the investment portfolio so that the investments in equities at market would be sixty-five percent (65%) in accordance with the investment policy.

As of September 30, 2007, the Plan has the following investments types.

	Weighted Average <u>Fair Value</u>	<u>Maturity (Years)</u>
Investments:		
U.S. treasuries	\$ 289,240	14.231
Government agency bonds	570,840	3.566
Mortgage backed securities	1,022,906	3.283
Corporate bonds	<u>671,387</u>	6.134
Total fair value	<u>\$2,554,373</u>	
Portfolio weighted average maturity		4.794

Interest Rate Risk

In accordance with its investment policy, the Plan manages its exposure to declines in the fair market value of its securities through a conservative approach of managing portfolio exposure to duration, maturity and sector relative to market indices.

Credit Risk

State law limits investments in commercial paper to the two top ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Plan's policy to limit its investments in these investment types to the top rating issued by the NRSROs. As of September 30, 2007, the Plan's investments in the U.S. Treasury Portfolio was AAA by

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments – Pension Trust Fund (Continued)

Credit Risk (Continued)

Standard & Poor's, and Aaa by Moody's Investors Service. The Investment Policy of the Plan states it is permitted to invest in corporate bonds with an investment quality rating with the three top rating classifications by at least two major rating services (Standards & Poor, Moody's or Fitch). The corporate bonds held by the Plan were in the top three rating classifications. The mortgage backed securities were ranked AAA and Aaa by Standard & Poor's, and Moody's, respectively.

Concentration of Credit Risk

The Plan's investment policy does not allow for an investment in any one issuer, other than U.S. Government securities, that is in excess of five percent of the Plan's total net assets. No investment in any one organization represents five percent or more of the net assets available for benefits.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the securities, whether fixed or equities are held in the name of the Plan.

NOTE 3. RECEIVABLES

Receivables as of September 30, 2007 for the Town's individual major funds and non-major stormwater fund, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water and Sewer	Sanitation	Nonmajor Stormwater Utility	Total
Receivables:					
Property taxes	\$ 212,831	\$ -	\$ -	\$ -	\$ 212,831
Intergovernmental	42,948	-	-	-	42,948
Other	410,377	-	-	-	410,377
Accounts – billed	-	64,385	32,273	2,317	98,975
Accounts – unbilled	-	276,750	-	19,045	295,795
Gross receivables	666,156	341,135	32,273	21,362	1,060,926
Less allowance for uncollectibles	-	(4,330)	(7,991)	-	(12,321)
Net total receivables	\$ 666,156	\$ 336,805	\$ 24,282	\$ 21,362	\$ 1,048,605

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 4. PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments, also, are designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mils. The millage rate assessed by the Town for the fiscal year ended September 30, 2007, was 5.60. The tax levy of the Town is established by the Town Commission prior to October 1 each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of taxes due and Miami-Dade County collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of the State of Florida. As of September 30, 2007, there were no material delinquent taxes.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The composition of the interfund balances as of September 30, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Projects Fund	\$ 153,670
General Fund	Police Forfeiture Fund	190,165
General Fund	Nonmajor Governmental Funds	99,633
		<u>\$ 443,468</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund Transfers

There was one Interfund transfer for the year ended September 30, 2007 for \$161,738 from the General Fund to the Library Fund to support the operations of the library.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	Beginning <u>Balances</u>	<u>Increase</u>	<u>Decrease</u>	Ending <u>Balances</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,461,229	\$ -	\$ -	\$ 1,461,229
Construction in progress	208,531	56,963	-	265,494
Total capital assets, not being depreciated	<u>1,669,760</u>	<u>56,963</u>	<u>-</u>	<u>1,726,723</u>
Capital assets being depreciated:				
Buildings	4,314,248	-	182,866	4,131,382
Improvements other than buildings	234,623	-	-	234,623
Furniture, fixtures and equipment	2,548,317	320,839	46,560	2,822,596
Infrastructure	1,911,266	-	-	1,911,266
Total capital assets, being depreciated	<u>9,008,454</u>	<u>320,839</u>	<u>229,426</u>	<u>9,099,867</u>
Less accumulated depreciation for:				
Buildings	1,158,989	86,129	27,430	1,217,688
Improvements other than buildings	29,292	11,713	-	41,005
Furniture, fixtures and equipment	1,249,325	263,224	88,953	1,423,596
Infrastructure	36,428	93,676	-	130,104
	<u>2,474,034</u>	<u>454,742</u>	<u>116,383</u>	<u>2,812,393</u>
Total capital assets being depreciated, net	<u>6,534,420</u>	<u>(133,903)</u>	<u>113,043</u>	<u>6,287,474</u>
Governmental activities capital assets, net	<u>\$ 8,204,180</u>	<u>\$ (76,940)</u>	<u>\$ 113,043</u>	<u>\$ 8,014,197</u>
Business-type activities				
Capital assets being depreciated:				
Improvements other than buildings	\$ 2,268,563	\$ -	\$ 303	\$ 2,268,260
Equipment	571,793	-	-	571,793
	<u>2,840,356</u>	<u>-</u>	<u>303</u>	<u>2,840,053</u>
Less accumulated depreciation for:				
Improvements other than buildings	1,549,946	126,154	-	1,676,100
Equipment	368,159	55,661	-	423,820
	<u>1,918,105</u>	<u>181,815</u>	<u>-</u>	<u>2,099,920</u>
Business-type activities capital assets, net	<u>\$ 922,251</u>	<u>\$ (181,815)</u>	<u>\$ 303</u>	<u>\$ 740,133</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 124,138
Public safety	97,705
Physical environment	126,074
Culture and recreation	93,912
Transportation	<u>12,913</u>
Total depreciation expense – government activities	<u>\$ 454,742</u>
Business-type activities:	
Water and sewer	\$ 59,028
Municipal parking	75,428
Sanitation	34,073
Stormwater utility	<u>13,286</u>
Total depreciation expense – business-type activities	<u>\$ 181,815</u>

NOTE 7. LONG-TERM LIABILITIES

Compensated Absences

Changes in long-term liabilities for the fiscal year ended September 30, 2007 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
Compensated absences	<u>\$ 388,994</u>	<u>\$ 74,655</u>	<u>\$ 159,299</u>	<u>\$ 304,350</u>	<u>\$ 30,435</u>
Business-type activities:					
Compensated absences	<u>\$ 69,637</u>	<u>\$ 27,413</u>	<u>\$ 10,532</u>	<u>\$ 86,518</u>	<u>\$ 8,653</u>

NOTE 8. EMPLOYEE RETIREMENT PLAN

The following brief description of the Retirement Plan is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

Plan Description

The Retirement Plan is a contributory defined benefit single-employer retirement plan covering substantially all employees of the Town of Surfside. All full-time employees became members of the Plan immediately upon employment. The administration of the Plan is under the responsibility of a five-member Board of Trustees, which is subject to the ultimate authority of the Town Commission.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. EMPLOYEE RETIREMENT PLAN (Continued)

Plan Description (Continued)

The Retirement Plan was established by a Town ordinance approved by the Commissioners and effective January 1, 1962. The Plan is also subject to certain provisions of Chapter 112, Florida Statutes. The benefit provisions and all other requirements, and amendments are established by Town Ordinance.

Financial statements for the Retirement Plan for Employees of the Town are separately issued and are available at the Town Hall location at 9293 Harding Avenue, Surfside, Florida.

Funding Policy

Funding of the Plan is provided by contributions from the Town and the employees. The Town's funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Town contributions to the Plan totaled \$264,370 for the year ended September 30, 2007.

Initially employees were required to contribute either 5% of their salary or after October 1, 1979, members as of that date had the irrevocable option to contribute either 5% or 7% of their compensation. Effective July 1, 1996, each member had the irrevocable option to increase his or her contribution rate from 5% to 7% or 8% of compensation. See the section below entitled Police Officers for the funding policy and service retirement benefits and other provisions for Police Officers effective October 1, 2005.

Police Officers

In accordance with the contract with the Police Officers the following Retirement Plan provisions, as summarized below, are effective October 1, 2005, only for certified law enforcement members:

Police Officers will contribute 8% of earnable compensation. The multiplier for the years of creditable service rendered on or after October 1, 2005 is 3%. The multiplier increased to 3-1/2% on October 1, 2006.

At multipliers of 3% and 3-1/2%, the maximum total benefit payable is 75% and 90%, respectively.

The average final compensation will be computed using the employee's highest three years of basic compensation.

Normal retirement will be upon completion of twenty years of creditable service and the attainment of the age of fifty-two or upon the completion of twenty-five years of creditable service.

A five-year Deferred Retirement Option Program (DROP) Plan was adopted.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. EMPLOYEE RETIREMENT PLAN (Continued)

Summary of Significant Accounting Policies

Basis of Accounting

The Retirement Plan for Employees of the Town of Surfside's financial statements are prepared on the accrual basis of accounting, reflecting income when earned and contributions for the year (regardless of when received) and expenses and other obligations when incurred (regardless of when paid). Benefit payments and refunds of contributions are recorded as they become due, and payable in accordance with the terms of the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and payable, and the employer has made a formal commitment to provide the contributions.

Method Used to Value Investments

The Retirement Plan investments are reported at fair value, and are managed by third-party money managers. The Retirement Plan's custodian and individual money manager price each instrument (using various third party pricing sources) and reconcile material differences. Investments that do not have an established market are reported at estimated value. Performance reporting, manager fees, and the retirement's asset valuation are based on the custodian's determination of value.

The net assets of the Retirement Fund are the difference between the total plan assets and the total plan liabilities, and are held in trust for pension benefits.

Both realized and unrealized gains/losses are recognized under the Net Appreciation (Depreciation) in the Fair Value of Investments.

Investment and administrative expenses of the Plan may be paid either by the Town or by the Plan. It is the policy of the Town that these expenses are to be paid by the Plan.

Annual Pension Cost and Net Pension Asset

The Town's annual pension cost and net pension asset for the current year are as follows:

Annual required contribution	\$ 264,370
Interest on Net Pension Asset (NPA)	(17,205)
Adjustment to ARC	<u>19,424</u>
Annual pension cost	266,589
Town contributions	<u>(264,370)</u>
Decrease in NPA	2,219
Net pension obligation (asset):	
Beginning of year	<u>(229,395)</u>
End of year	<u>\$ (227,176)</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. EMPLOYEE RETIREMENT PLAN (Continued)

Annual Pension Cost and Net Pension Asset (Continued)

Annual Pension Cost (APC) is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. The APC for the last three fiscal years follows:

<u>Fiscal Year End</u>	<u>Three Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
September 30, 2005	\$ 991	100%	\$ (203,829)
September 30, 2006	205,246	100%	(229,395)
September 30, 2007	266,589	100%	(227,176)

Additional information as of the October 1, 2005, Actuarial Valuation Report, which was used to compute the annual required contribution for the year ended September 30, 2007, is as follows:

Actuarial valuation date	October 1, 2005
Contribution rates:	
Employer	6.5%
Plan members	6.7%
Actuarial cost method	Entry age
Amortization method	Level dollar amount, closed
Remaining amortization period	30 years
Asset valuation method	Five-year smoothed market
Actuarial assumptions	
Investment rate of return*	7.5%
Projected salary increases*	6.0%
Cost of living adjustments	1.5%
*Includes inflation at	4.0%

The Town utilizes a beginning of the year Actuarial Valuation. The Actuarial Valuation Report dated October 1, 2006, will be used to compute the Town's pension contribution for the year ending September 30, 2008.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Risk Management

The Town is exposed to various risks and losses related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town participates with other municipalities and governmental units in a public entity risk pool

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. COMMITMENTS AND CONTINGENCIES (Continued)

Risk Management (Continued)

administered by the Florida League of Cities Public Risk Services known as the Florida Municipal Insurance Trust (FMIT). The Town pays annual premiums to the FMIT for its general liability insurance, commercial real and personal property, including electronic data processing equipment, automobile, liability, and physical damage insurance coverage.

The Town also participates in the Florida League of Cities public risk pool known as the Florida Municipal Self Insurers Fund (FMSIF) to which it pays annual premiums for its workers compensation insurance. The agreement with these public risk pools provide that the pools will be self-sustaining through member premiums and will reinsure through commercial companies for workers' compensation and liability insurance for claims in excess of \$1,000,000. All policies are issued by FMIT and FMSIF on a non-assessable basis.

The Town maintains commercial insurance for corporate fiduciary liability, flood, and windstorm coverage. There was no reduction in insurance coverage from coverages in the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

Litigation

The Town is a defendant in various lawsuits including personal injury claims, challenges to Town zoning Ordinances, and general liability claims. It is the opinion of Town Management, after giving consideration to its insurance coverage and Florida Statutory limitations of governmental liability, that the ultimate resolution of these matters will not have a material adverse effect on the financial position and results of operations for the year ended September 30, 2007, as presented in the accompanying financial statements. Thus, no liability for these various claims has been included in these financial statements.

NOTE 10. SUBSEQUENT EVENTS

I. State Board of Administration's Local Government Surplus Funds Trust Fund

As discussed in Note 2, at September 30, 2007, the Town of Surfside had \$11,777,654 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to subprime mortgage risk.

On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. SUBSEQUENT EVENTS (Continued)

I. State Board of Administration's Local Government Surplus Funds Trust Fund (Continued)

Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Pool A participants may withdraw 15% of their balance or \$2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the value of Pool B assets is not readily determinable. As of September 30, 2008, the Town of Surfside had \$3,383,328 and \$523,836 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

II. Constitutional Property Tax Reform Amendment

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less. With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The amendment also provides a \$25,000 exemption for tangible personal property. Amendment 1 becomes effective October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Property taxes	\$7,391,947	\$7,491,947	\$7,377,056	\$(114,891)
Resort taxes	372,460	372,460	325,519	(46,941)
Utility taxes	428,863	428,863	457,905	29,042
Communications services tax	266,946	266,946	272,870	5,924
Franchise taxes	362,300	362,300	453,901	91,601
Licenses and permits	286,971	286,971	340,597	53,626
Intergovernmental	634,367	640,367	684,315	43,948
Charges for services	89,293	161,056	162,549	1,493
Fines and forfeitures	139,670	139,670	199,517	59,847
Interest expense	550,000	460,000	455,580	(4,420)
Miscellaneous	25,869	25,869	46,300	20,431
Total revenues	<u>10,548,686</u>	<u>10,636,449</u>	<u>10,776,109</u>	<u>139,660</u>
Expenditures:				
Current:				
General government:				
Legislative	828,093	828,093	802,722	25,371
Legal services	600,000	850,000	795,072	54,928
Executive, finance and administration	<u>3,830,243</u>	<u>3,730,095</u>	<u>1,675,295</u>	<u>2,054,800</u>
Total general government	<u>5,258,336</u>	<u>5,408,188</u>	<u>3,273,089</u>	<u>2,135,099</u>
Public safety	3,358,344	3,580,850	3,556,801	24,049
Public works	885,720	907,816	805,915	101,901
Culture and recreation	<u>1,046,286</u>	<u>1,166,832</u>	<u>1,148,852</u>	<u>17,980</u>
Total expenditures	<u>10,548,686</u>	<u>11,063,686</u>	<u>8,784,657</u>	<u>2,279,029</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(427,237)</u>	<u>1,991,452</u>	<u>2,418,689</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (427,237)</u>	<u>\$ 1,991,452</u>	

See note to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE POLICE FORFEITURE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget - Positive (Negative)</u>
Revenues:				
State grants	\$ 2,351	\$ 2,351	\$ -	\$ (2,351)
Forfeitures	-	6,175	6,175	-
Interest earnings	20,000	30,500	30,600	100
Total revenues	<u>22,351</u>	<u>39,026</u>	<u>36,775</u>	<u>(2,251)</u>
Expenditures:				
Current:				
General government	25,000	41,000	39,367	1,633
Capital outlay	<u>125,000</u>	<u>132,000</u>	<u>129,964</u>	<u>2,036</u>
Total expenditures	<u>150,000</u>	<u>173,000</u>	<u>169,331</u>	<u>3,669</u>
Deficiency of revenues under expenditures	<u>(127,649)</u>	<u>(133,974)</u>	<u>(132,556)</u>	<u>1,418</u>
Net change in fund balances	<u>\$(127,649)</u>	<u>\$(133,974)</u>	<u>\$(132,556)</u>	
Appropriated beginning fund balance	<u>\$ 127,649</u>	<u>\$ 127,649</u>		

See note to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO BUDGETARY COMPARISON SCHEDULES

FISCAL YEAR ENDED SEPTEMBER 30, 2007

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures to establish the budgetary data reflected in the financial statements:

Annual appropriated budgets for the governmental (except for the capital projects fund) and proprietary funds are adopted on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to August 1, the Town Manager submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Commission holds a public workshop on the proposed budget. Formal public hearings are conducted in September to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally adopted by resolution.

Budgets are monitored at department level, the legal level of budgetary control. Budgetary control over expenditures, including capital outlay and transfers, is maintained at the department level whereby management cannot transfer or over expend appropriations at the individual department level. Beginning fund balances, available for financing current appropriations, are considered in the budgetary process but are not included in the financial statements of the governmental fund types as budgeted revenues.

The Town Manager is authorized to transfer part or all of an encumbered appropriation balance within a particular department; however, any revisions that alter the total appropriations of any department and/or fund must be approved by the Town Commission.

If during the course of the fiscal year, it becomes evident that a particular department is unable to provide the required level of services to the Town because of higher costs of providing services, or unforeseen circumstances, the budget may be amended. The Town Manager submits to the Town Commission a request to amend the budget. The request contains explanations, and includes a proposal for financing if additional appropriations are requested. The amendment requires the Town Commission approval and adoption.

During the fiscal year ended September 30, 2007, there were supplemental appropriations of \$515,000 in the General Fund and \$23,000 in the Police Forfeiture Fund.

TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/02	\$8,490,282	\$6,119,853	\$(2,370,429)	138.7%	\$2,528,069	-93.8%
10/1/03	8,424,226	7,359,513	(1,064,713)	114.5%	2,793,332	-38.1%
10/1/04	9,649,666	7,823,748	(1,825,918)	123.3%	2,857,045	-63.9%
10/1/05	9,924,144	8,992,940	(931,204)	110.4%	3,170,278	-29.4%
10/1/06	10,500,533	9,980,193	(520,340)	105.2%	3,653,148	-14.2%
10/1/07	11,201,453	10,225,271	(976,182)	109.5%	3,978,291	-24.5%

TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended September 30,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2002	\$ -	N/A
2003	-	N/A
2004	-	N/A
2005	-	N/A
2006	203,274	114%
2007	264,370	100%

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Tourism Fund – This fund is used to account for the portion of the resort tax collections, which are to be designated to promote the tourism related activities of the Town.

Library Fund – This fund is used to account for the operations of the Surf-Bal-Bay Library.

Transportation Surtax Fund – This fund is used to account for the proceeds of the Town's allocable share of the Miami-Dade County Transit System Surtax. The expenditures from this fund are restricted to specific purposes.

CAPITAL PROJECTS FUND

Capital Projects Fund – This fund is used to account for capital projects. Transfers from the general and other funds are made to this fund to cover such expenditures.

TOWN OF SURFSIDE, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2007

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	<u>Tourism</u>	<u>Library</u>	<u>Transportation Surtax</u>	<u>Total</u>	<u>Capital Projects</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 270,727	\$ -	\$ 481,882	\$ 752,609	\$ 87,621
Prepays	523	3,396	-	3,919	-
Total assets	<u>\$ 271,250</u>	<u>\$ 3,396</u>	<u>\$ 481,882</u>	<u>\$ 756,528</u>	<u>\$ 87,621</u>
					<u>\$ 844,149</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	7,738	3,562	-	11,300	56,963
Accrued liabilities	956	4,932	-	5,888	-
Due to other funds	-	18,525	81,108	99,633	-
Total liabilities	<u>8,694</u>	<u>27,019</u>	<u>81,108</u>	<u>116,821</u>	<u>56,963</u>
					<u>173,784</u>
Fund balances:					
Reserved for prepaids	523	3,396	-	3,919	-
Unreserved, undesignated	262,033	(27,019)	400,774	635,788	30,658
Total fund balances (deficit)	<u>262,556</u>	<u>(23,623)</u>	<u>400,774</u>	<u>639,707</u>	<u>30,658</u>
Total liabilities and fund balances	<u>\$ 271,250</u>	<u>\$ 3,396</u>	<u>\$ 481,882</u>	<u>\$ 756,528</u>	<u>\$ 87,621</u>
					<u>\$ 844,149</u>

TOWN OF SURFSIDE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue Funds					Total Nonmajor Governmental Funds
	<u>Tourism</u>	<u>Library</u>	<u>Transportation Surtax</u>	<u>Total</u>	<u>Capital Projects</u>	
Revenues:						
Resort taxes	\$ 152,044	\$ -	\$ -	\$ 152,044	\$ -	\$ 152,044
Intergovernmental	-	3,000	171,090	174,090	-	174,090
Interest	14,935	512	3,827	19,274	-	19,274
Miscellaneous	11,641	-	-	11,641	-	11,641
Total revenues	<u>178,620</u>	<u>3,512</u>	<u>174,917</u>	<u>357,049</u>	<u>-</u>	<u>357,049</u>
Expenditures:						
General government	245,589	197,369	76,722	519,680	-	519,680
Capital outlay	-	30,389	-	30,389	56,963	87,352
Total expenditures	<u>245,589</u>	<u>227,758</u>	<u>76,722</u>	<u>550,069</u>	<u>56,963</u>	<u>607,032</u>
Excess (deficiency) of revenues over (under) expenditures	(66,969)	(224,246)	98,195	(193,020)	(56,963)	(249,983)
Other financing sources						
Transfers in	-	161,738	-	161,738	-	161,738
Net change in fund balances	(66,969)	(62,508)	98,195	(31,282)	(56,963)	(88,245)
Fund balances, beginning	<u>329,525</u>	<u>38,885</u>	<u>302,579</u>	<u>670,989</u>	<u>87,621</u>	<u>758,610</u>
Fund balances (deficit), ending	<u>\$ 262,556</u>	<u>\$ (23,623)</u>	<u>\$ 400,774</u>	<u>\$ 639,707</u>	<u>\$ 30,658</u>	<u>\$ 670,365</u>

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TOURISM FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Resort taxes	\$ 169,245	\$ 169,245	\$ 152,044	\$ (17,201)
Interest	3,705	14,705	14,935	230
Miscellaneous	<u>1,426</u>	<u>1,426</u>	<u>11,641</u>	<u>10,215</u>
Total revenues	<u>174,376</u>	<u>185,376</u>	<u>178,620</u>	<u>(6,756)</u>
Expenditures:				
Current:				
General government	205,120	252,120	245,589	6,531
Capital outlay	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>206,120</u>	<u>252,120</u>	<u>245,589</u>	<u>6,531</u>
Deficiency of revenues over expenditures	<u>(31,744)</u>	<u>(66,744)</u>	<u>(66,969)</u>	<u>(225)</u>
Net changes in fund balances	<u>\$ (31,744)</u>	<u>\$ (66,744)</u>	<u>\$ (66,969)</u>	<u>\$ (225)</u>
Appropriated beginning fund balance	<u>\$ 31,744</u>	<u>\$ 31,744</u>		

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL LIBRARY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Charges for services (1)	\$ 161,738	\$ 161,738	\$ 164,738	\$ 3,000
Fines	300	300	-	(300)
Interest	1,600	1,600	512	(1,088)
Miscellaneous	200	200	-	(200)
Total revenues	<u>163,838</u>	<u>163,838</u>	<u>165,250</u>	<u>1,412</u>
Expenditures:				
Current:				
General government	168,995	206,445	197,369	9,076
Capital outlay	<u>32,000</u>	<u>31,550</u>	<u>30,389</u>	<u>1,161</u>
Total expenditures	<u>200,995</u>	<u>237,995</u>	<u>227,758</u>	<u>10,237</u>
Excess of revenues over expenditures	<u>(37,157)</u>	<u>(74,157)</u>	<u>(62,508)</u>	<u>11,649</u>
Net changes in fund balances	<u>\$ (37,157)</u>	<u>\$ (74,157)</u>	<u>\$ (62,508)</u>	<u>\$ 11,649</u>
Appropriated beginning fund balance	<u>\$ 37,157</u>	<u>\$ 37,157</u>		

(1) Prior to fiscal year ended September 30, 2007, this revenue stream was presented and budgeted as charges for services, however, during the year ended September 30, 2007, this funding was provided as a transfer from the General Fund.

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TRANSPORTATION SURTAX FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget - Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 185,285	\$ 185,285	\$ 171,090	\$ (14,195)
Interest	<u>3,400</u>	<u>3,400</u>	<u>3,827</u>	<u>427</u>
Total revenues	<u>188,685</u>	<u>188,685</u>	<u>174,917</u>	<u>(13,768)</u>
Expenditures:				
Current:				
General government	<u>138,685</u>	<u>138,685</u>	<u>76,722</u>	<u>61,963</u>
Total expenditures	<u>138,685</u>	<u>138,685</u>	<u>76,722</u>	<u>61,963</u>
Excess of revenues over expenditures	<u>50,000</u>	<u>50,000</u>	<u>98,195</u>	<u>48,195</u>
Net changes in fund balances	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 98,195</u>	<u>\$ 48,195</u>

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Interest earnings	\$ 105,000	\$ 134,000	\$ 134,162	\$ 162
Total revenues	<u>105,000</u>	<u>134,000</u>	<u>134,162</u>	<u>162</u>
Expenditures:				
Current:				
Physical environment	<u>105,000</u>	<u>105,000</u>	<u>27,716</u>	<u>77,284</u>
Total expenditures	<u>105,000</u>	<u>105,000</u>	<u>27,716</u>	<u>77,284</u>
Excess of revenues over expenditures	<u>-</u>	<u>29,000</u>	<u>106,446</u>	<u>77,122</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 29,000</u>	<u>\$ 106,446</u>	